

TRANSMITTAL SLIP		
TO: D/ODP <i>DDN</i>		
ROOM NO.	BUILDING	
	<i>AC/MS FYI & return</i>	
REMARKS:		
<p><i>Danny -</i></p> <p><i>Here is a copy of George</i></p> <p><i>Rogers' proposed intro-</i></p> <p><i>ductory testimony. I have</i></p> <p><i>annotated it with my</i></p> <p><i>comments and will talk</i></p> <p><i>to them during the 9:00am</i></p> <p><i>meeting Monday (5/1/78)</i></p>		
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at F Street. If you either
disagree with my comments
or have others, please get
them to my secretary and
I will call them in when
I get back.

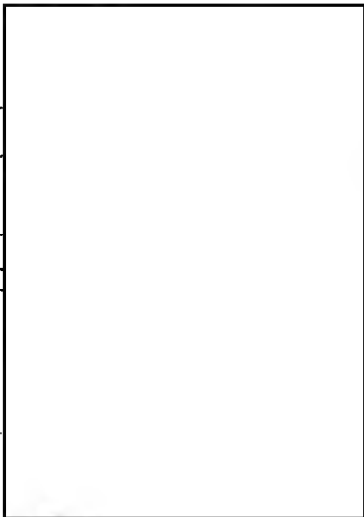


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I have also attached a
copy of NSA's formal
statement

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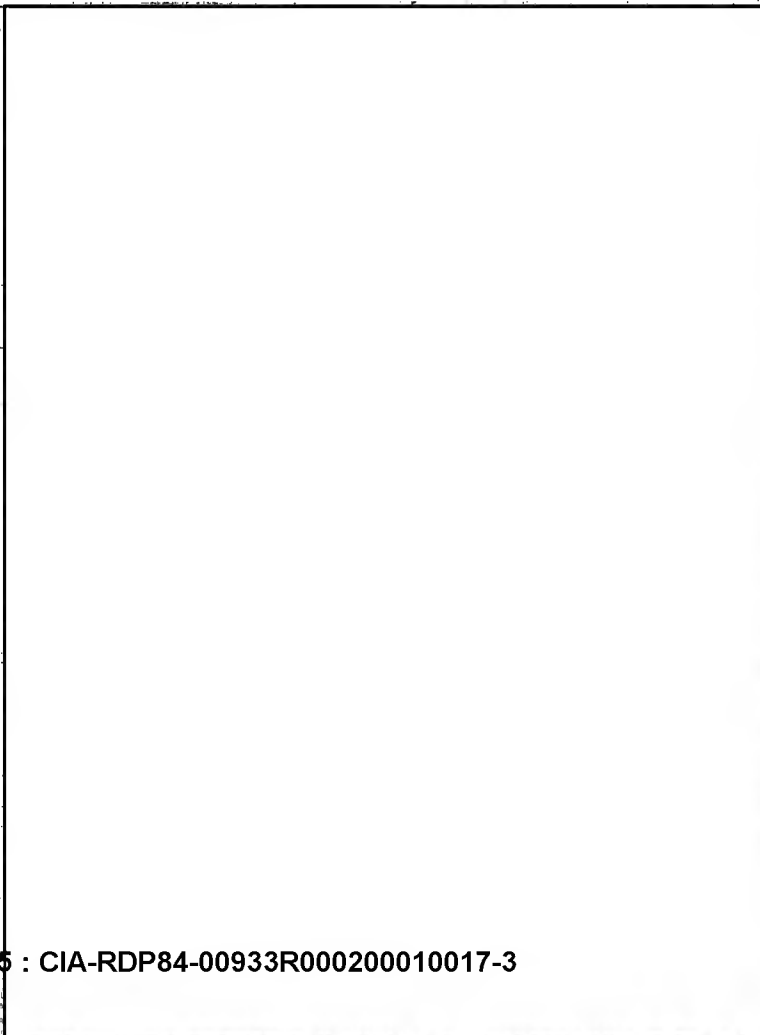
Copy to Mr. Blake,
DDA, 5/2/78

The following are draft comments of the Director, OCIS, to be presented at the ADP Hearings the week of 8 May 1978. Attached also are comments to be made by the NSA representative.

CIA DSC

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Mr. Chairman and Gentlemen of the Committee:

For sometime now the Congress, through the Committees exercising oversight of the Intelligence Community, has expressed continuing concern over the growth of ADP expenditures in the Intelligence Community and the lack of a management mechanism at the level of the DCI to coordinate, control and plan for the efficient utilization of ADP resources on a Community-wide basis.

Illustrative of Congressional statements in the language contained in the report of the House Appropriations Committee on the 1978 NFIP budget wherein it was stated:

"The Committee has tried for the last three years to limit growth in communications and computer expenditures to a more reasonable level. These efforts have included special exhibits, reductions in specific programs, and strong report language. Nevertheless, the Committee's effort to limit these expenditures has failed."

As a result of this conclusion, the Committee adopted a general policy limiting the overall growth of ADP to an annual rate of 10 percent in real-terms.

The report of the Senate Select Committee on Intelligence in 1977 stated in part:

"Witnesses in the FY 78 budget hearings identified management of data processing as an area requiring improvement. These activities need more careful coordination, direction and interagency planning in both the initial stages of acquiring hardware and software....."

I would delete - both is throw a challenge up to this Subcommittee? These are both already a matter of record. I would just go unrecorded here, I think.

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Perhaps more significant than the problems involved in the sharing of computer resources is the continuing problem involved in supplying adequate ADP support for the expanding requirements of the Intelligence Community within the limits of existing fiscal constraints. In the period since 1970, Community ADP expenditures have increased from

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million dollars in the

current fiscal year in current dollars. This amounts to a rate of growth of somewhat less than 10% per annum. However, and more significantly, translated into constant dollars this amounts to a rate of growth of less than 2% per annum in real terms. Over this same period, manpower in the

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It is apparent that reductions in manpower of such significant proportions would have seriously degraded U.S. Intelligence capabilities without large increases in both the quantity and quality of ADP support throughout the Community.

In addition to the requirements levied on Community ADP support generated by manpower reductions, the increasing sophistication, both of U.S. collection systems and the communications and cryptologic techniques employed by target countries, continue to generate requirements for the expansion and improvement of Community ADP capabilities. Succinctly stated, we must run very fast just to stay even.

In connection with the fiscal problems we face, the ever increasing cost of maintenance should be addressed. In familiarizing myself with the ADP operations of the Community, I have been really surprised to learn the age of a great deal of the computer equipment still being put to very good use throughout the Community. The purchase

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of equipment and its use over long periods of time is certainly the most cost-effective way to manage one's resources. Nevertheless, as computer equipment ages and becomes obsolete it becomes increasingly difficult and more expensive to properly maintain. This phenomenon is applicable to software maintenance, and is certainly not peculiar to the intelligence business. All facets of government and industry are faced with the same problem of continually escalating maintenance costs. The only effective way to combat this is through a comprehensive program of continually replacing and upgrading obsolete equipment and systems.

For all these reasons, the rate of growth of ADP expenditures cannot be expected to decline and may increase over the near-term if we are to continue to provide adequate support for ongoing intelligence efforts and develop the means to support new initiatives already programmed.

In my brief experiences with ADP in the Intelligence Community, I, along with many of my colleagues, perceive computer security to be one of the most intractable and important of the problems which must be addressed by the Community. Although, at times, security may be utilized as an excuse for parochial attitudes, the existence of that situation should not be allowed to obscure the hard fact that security is a very real problem. The inherent nature of the advantages to be derived from the use of computers, rapid access to large issues of data, also increases by large orders of magnitude the dangers inherent in any successful penetration attempt. Furthermore, because of the architecture of the present

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generation of computers and their operating systems, it is a virtually impossible task, without the expenditure of such large resources in the form of time and money as to be impractical, to hope to achieve an acceptable level security without stringent physical security measures and limitations on access. Fortunately, I am able to report that for the first time, based largely on R&D efforts sponsored by the Intelligence Community, significant progress is being made in this area. However, it will be a considerable period of time before the new technology now being developed will find its way into widespread application. In the meantime, the Community must continue to operate under stringent constraints in this area.

It will be a matter of highest priority for the Office of Community Information Systems to promote, in every way possible, the continuation and acceleration of all promising efforts in this area.

Another matter which deserves mentioning is that most of my colleagues perceive that there is a problem, particularly in the Department of Defense components, in the manner of implementation of the requirements of the Brooks bill to computer procurement. The difficulties entailed and the time required to consummate a competitive procurement under present General Services Administration policies and practices can result in the acquisition of equipment which is already obsolescent and in serious economic losses arising out of the delays which are presently inherent to the process.

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In response to these Congressional initiatives and because of his own desires to improve the management of ADP resources in the Intelligence Community, the DCI, as a part of his reorganization of the Intelligence Community management structure, created the Office of Community Information Systems as a part of the staff of the Deputy to the DCI for Resource Management. In January of this year, I assumed the duties of Director of that office.

In his annual report, issued in January 1978, and directed to the President, the Congress, and the Intelligence Community, the Director stated:

"Top management of the Community and Congressional committees dealing with intelligence matters are in agreement that the resources for hardware, such as computers and telecommunications equipment, and in fact all resources for information handling systems and capabilities, must be provided, managed and operated under a comprehensive Community plan. Requests for resources to create new capabilities must be evaluated in the context of a total official plan, and planning in turn must be directly related in a very practical way to the cyclical process for programming and budgeting and the procedures of zero-based budgeting (ZBB)."

"Community Information Systems Office - The chief of this office will be the "senior ADP official" in the Intelligence Community and will be responsible for developing and coordinating the official mid- and long-range master plan for the CIHS; to keep the plan current; and to monitor the

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implementation of the plan by Community operating organizations."

My purpose will be to implement the intent and purposes of the Director as expressed by him in creating this new office so as to:

- Provide the manpower and technical expertise on the Resource Management Staff to effectively evaluate new ADP proposals in the Community and make appraisals of their Community-wide benefit.
- Monitor and study the ongoing data processing operations in the Intelligence Community and make recommendations to the DCI on actions required to be taken to improve the operational efficiency of data processing operations in the Intelligence Community as a whole.
- Assist the DCI in providing fiscal guidance for the development of the NFIP budget and in the review and preparation of that budget so as to improve the efficiency of the utilization of ADP resources in support of the mission and functions of the Intelligence Community, while minimizing the increases in ADP expenditures which must take place in order to maintain and improve U.S. foreign intelligence capabilities.
- ^{Integrate} ~~[Supervise and coordinate]~~ the planning for the utilization of ADP resources by the individual components of the Intelligence Community and ^{meld} ~~[integrate]~~ these plans into a cohesive planning structure for the Community as a whole.

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The responsibilities of this office are indeed challenging and awesome. In the past several months, I have been engaged in familiarizing myself with the multitude of data processing systems extant in the Community and the functions which they support. The variety and complexity of these systems and the extent to which our present day intelligence structure depends upon them almost defies description.

I am happy to report to the Committee that my impressions have generally been that the people of this country are indeed well served by a large group of extremely dedicated and competent people who are fully utilizing ~~the most~~ modern technology to insure that the decision-makers of our national government are provided the best possible information in a timely manner.

That is not to say, however, that there are no problems. The call issued by the Chairman for these hearings stated that the subcommittee wished: "...to obtain a brief overview of the major systems in the Community and to explore how the Community manages these assets and what it perceives its major problems to be today and in the future."

In describing the creation of the OCIS and the duties and responsibilities imposed upon it by the Director, I have been addressing a new initiative in the area of management of ADP in the Community through which we expect to improve the performance of the Community in the utilization of its resources. It is currently planned that the office will be staffed by 10 persons, provided the requested reprogramming

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actions and budget amendments, now being submitted, are approved.

This staff will include a number of highly qualified ADP professionals who will, for the first time, give the DCI the capability which he needs to effectively carry out the new responsibilities vested in him by Executive Order 12036.

Until now, the management of ADP has been decentralized. Each component of the Community has developed an ADP management ^{mechanism} suited to its own organizational structure and the particular mission and function of each agency. The nature of the various management structures which exist at the operating levels will be described in some detail in the presentation to be given later by representatives of these components.

As part of this overview of Community ADP, I would, however, like to call the Committee's attention to several significant new initiatives taken by several of the agencies in their continuing effort to improve their internal management procedures.

1. ASD(C³I) and the Director of DIA, jointly agreed, in late 1976, to create a systems planning office to develop a Defense Intelligence Information Systems master plan. The purpose and activities of this office will be discussed in some detail at a later portion of the hearing.

2. Within the last year, NSA has made two major organizational and management changes which are expected to result in better management of ADP and Telecommunications and in more careful review of major systems projects. The first of these is the consolidation of the ADP and the Telecommunications organizations. This was done in recognition of the key role which computers are now playing in telecommunications and with the objective of achieving better integration of processes and

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better flow of SIGINT data. The second change was the adoption of a formal structure for validation of requirements for new system capabilities and a process of formal reviews of concept alternatives and system acquisition. This process is being applied to most of the new projects which will appear in the 1980 budget. The review process is already having a favorable effect in determining the real need and probable effect of proposed new systems.

3. CIA, in 1977, ^{strengthened its} ~~established new~~ management procedures to improve central overview of ADP expenditures. The Executive Advisory Group, composed of top-level management within the Agency, now review a separate Agency ADP budget ^{in the process of reviewing all Agency resource requirements} ~~to be included within the Agency program plan~~. The Executive Advisory Group also reviews individually and in detail ^{approximately} ~~the~~ 80 percent of the ADP support provided by its ²¹ ~~major projects supported by the CIA~~ Office of Data Processing, as well as new initiatives and expansions of decentralized ADP applications.

Thus, at both the level of the DCI and at the Agency level, significant new management initiatives are underway designed to improve the efficiency of the Intelligence Community's ADP operations.

As quoted above, the Chairman's letter also requested that the Community's perception of its problems be addressed. ADP in the Community has had a history of evolutionary growth. Its beginning can be traced, agency by agency, back to early attempts to improve the U.S. Intelligence effort by utilizing in its support the most effective tools technology could provide, particularly in the cryptologic area. A little over a year ago, [] wrote an unclassified account of the "Influence of U.S. Cryptologic Organizations on the Digital Computer Industry" which detailed the very real contribution that to the early development of computer technology which were made by the early R&D efforts of the U.S.

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Cryptologic Agencies. Copies of this article will be made available to members of the subcommittees who may wish to review this interesting history.

Because of the limitations of early automatic computers, the data processing base of the Community grew from separate roots and was tailored in each instance to meet the specific and discrete needs, missions and functions of each of its components. Because of these limitations, it was not possible to achieve a sharing of computer resources, and the management of ADP in the Community was quite naturally decentralized and diverse. Because of the Intelligence Community's adherence to government-wide policy which required competitive procurement and because of the diverse nature of the applications to be supported, the installed base of ADP equipment in the Community comprises a diversity of computer sizes and models produced by a variety of vendors, running the gamut of commercially available computers and peripherals.

Now that technological advances have made the interconnecting of computers and the sharing of resources technically feasible, this diversity and variety of installed computer equipment, most of it purchased, presents great problems when attempts are made to provide a degree of interoperability among equipment types which are often incompatible. Nevertheless, the Community is making significant investments in working out ways and means of overcoming this particular problem where there is promise that it will be economically feasible to do so.

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There is another set of problems which also need to be addressed if we are to continue to move toward the increased sharing of data bases in the Community. These involve the ^{study of the feasibility of implementing} ~~adoption and implementation of~~ Community-wide standards in areas such as data elements, line protocols, file formats and retrieval systems.

A final problem which should be addressed is the fact that, heretofore, due to the lack of any effective Director of ^{Central} Intelligence level management mechanism, it has been extremely difficult to implement ADP Systems which worked over existing organizational boundaries. The establishment of the Community Information Systems Office and the provision of adequate staffing therefore, coupled with the new budgetary authority vested by the President in the DCI, should result in a great improvement of the capabilities of the Community to cope with this problem.

The letter of the Chairman also requested that we provide an overview of the major Community ADP Systems. The representatives of the various Community components who will follow me will address the principal systems which are operated and maintained by each. However, before closing this portion of the presentation, I would like to briefly call the Committee's attention to several large and important systems which, despite the previous organizational limitations of the Community, have been designed and built and are successfully serving the joint needs of the Community, despite the problems of organization and security which had to be surmounted in order to do so.

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